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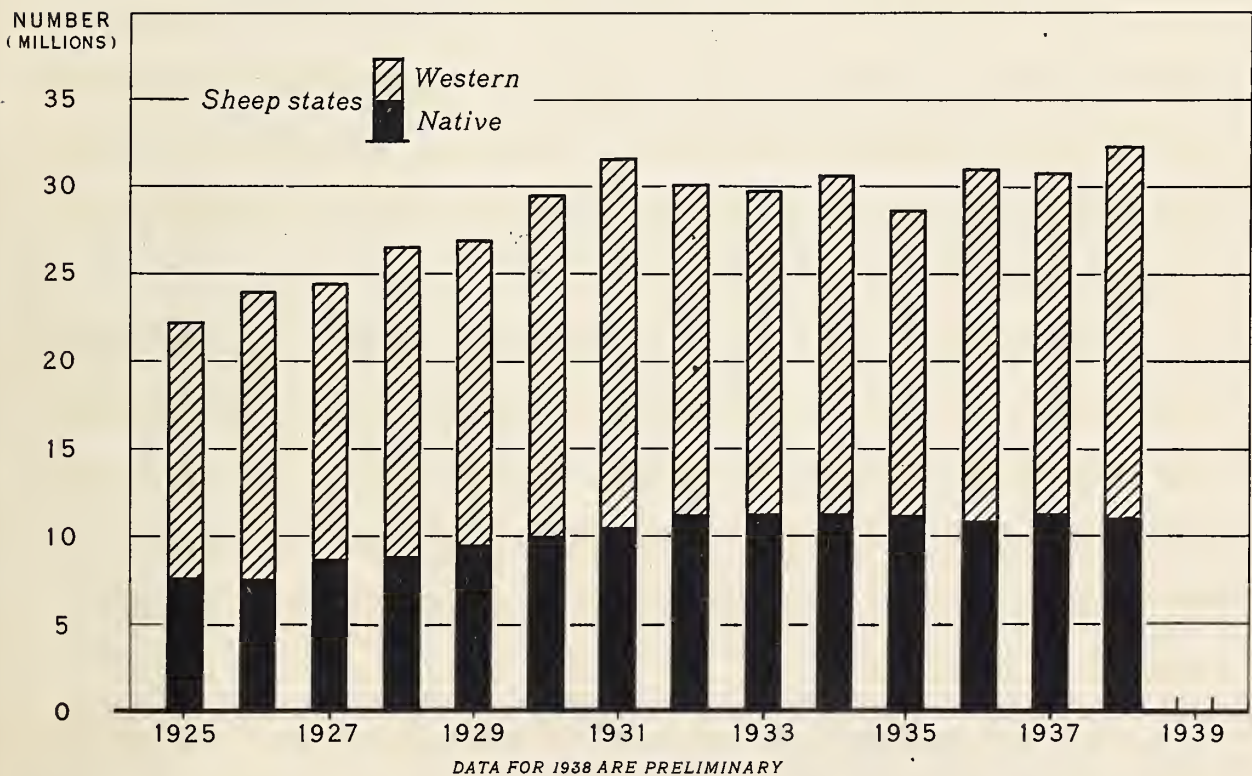
UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS

SLS-20

AUGUST 22, 1938

THE SHEEP AND LAMB SITUATION

UNITED STATES LAMB CROP, 1925-38



U. S. DEPARTMENT OF AGRICULTURE

NEG. 21898

BUREAU OF AGRICULTURAL ECONOMICS

THE LAMB CROP IN 1938 WAS ABOUT 5 PERCENT LARGER THAN THAT OF LAST YEAR, AND THE LARGEST ON RECORD. ALL OF THE INCREASE IN THE CROP THIS YEAR WAS IN THE WESTERN SHEEP STATES, INCLUDING TEXAS AND SOUTH DAKOTA. FROM 1924 TO 1938 THE NUMBER OF LAMBS PRODUCED HAS INCREASED NEARLY 50 PERCENT.

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T H E S H E E P A N D L A M B S I T U A T I O N  
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Summer Outlook Issue

Summary

Slaughter supplies of sheep and lambs are expected by the Bureau of Agricultural Economics to increase seasonally in the next few months, and the total supply for the fall season probably will be larger than that of a year earlier. In most years, lamb prices either weaken slightly or hold about steady from September through November, and any decline that may occur in the late summer and fall of this year probably will be much less than that which occurred last fall. The effects of the increase in supplies upon prices probably will be offset, at least in part, by improvement in consumer demand and in wool prices.

The number of lambs that will be fed this winter is rather uncertain this early in the year, and the supply of fed lambs will be an important factor affecting prices of such lambs. Consumer demand for meats in the winter and spring of 1938-39 - when most fed lambs will be marketed - may be stronger than a year earlier, and prices of pelts and wool are expected to be higher.

The lamb crop in 1938 was about 5 percent larger than that of 1937 and was the largest on record. The increase in the crop from last year was the result of a larger crop in the Western Sheep States, as the crop in the Native States was slightly smaller than that of last year. Most of the increase in the total western crop was in four States: Texas, California, Wyoming, and South Dakota.

Although feed supplies in the coming feeding season will be abundant in both the Corn Belt and in western feeding areas, the volume of feed frequently is not the most important factor affecting the number of lambs fed. It may be that the unfavorable results of last year's feeding operations for lambs marketed before March will discourage some feeders. Another factor which will affect the number fed this year is the disposition made of late lambs in Texas. In some years, when lamb prices have been relatively low in the fall and prospects for wool prices the following year have been favorable, a large number of Texas lambs have been retained for sale the following year after being shorn rather than being sold as feeders in the fall. This was the case in the fall of 1936, and it may be the case this fall inasmuch as conditions are somewhat similar.

Up to mid-August this year the number of western lambs purchased on contract for fall delivery, mostly for feeding, was relatively small and much smaller than the large number sold up to mid-August last year. Most of the western lambs purchased on contract thus far this summer have been at prices ranging from \$2 to \$3 lower than a year earlier. Lambs generally have made good gains, and it is reported that western lambs marketed this fall will be heavier - with a larger proportion fat - than last year.



## REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- In 1937 prices of lambs declined fairly steadily from June through November. Part of this drop was seasonal in character, but the weakness in consumer demand for meats and the sharp drop in wool prices during the fall months also were partly responsible for the price decline. During the first 3 months (December-February) of the fed-lamb marketing season prices of lambs declined further, but prices strengthened during March. For the entire 1937-38 fed lamb marketing season, (December-April) lamb prices averaged about \$2 per 100 pounds less than those of a year earlier. Prices of new-crop lambs at the beginning of the season last May were from \$3 to \$4 lower than a year earlier reflecting chiefly the larger marketings of early lambs and the less favorable consumer demand. Little change in prices of new crop lambs occurred in June and July.

Lamb prices steady in July

After some weakness in the last half of June, prices of lambs rose slightly in early July and continued fairly steady during the remainder of the month. In early August, however, prices declined moderately. In most years lamb prices decline during June, July and August as marketings from the new crop increase, but there was relatively little weakness in June and July this year.

July slaughter larger than a year earlier

Inspected slaughter of sheep and lambs in July, totaling 1,461,000 head, was slightly smaller than in June but about 5 percent larger than in July last year. Marketings of new-crop lambs this summer have been larger than a year ago, but marketings of yearlings, mostly from Texas, have been smaller. Market receipts of lambs in July were mostly from the Native States and from Texas, Washington, Idaho, and Oregon. The movement of new-crop lambs from Texas in the past 2 months has been especially large.

Western sheep and lambs in good condition

The condition of sheep and lambs in western sheep States on August 1 was the best for that date since 1932. Ranges generally have a good supply of feed. Lambs have made good gains, and present indications are that the average weight of western lambs marketed this fall will be heavier, with a larger proportion fat, than last year.

## OUTLOOK

1938 lamb crop largest on record

The lamb crop in 1938 was about 5 percent larger than that of 1937 and the largest on record. The increase this year was the result of a larger crop in the Western Sheep States, including Texas and South Dakota, as the crop in the Native States was slightly smaller. The increase in the Western States amounted to about 1,741,000 head or 9 percent, and most of the gain was in four States; California, Texas, Wyoming, and South Dakota.

## United States lamb crop, 1931-38

Year	: Western States : <u>1/</u>	: Native States	: United States
	: <u>Thousands</u>	: <u>Thousands</u>	: <u>Thousands</u>
1931.....	21,078	10,537	31,615
1932.....	18,771	11,264	30,035
1933.....	18,497	11,286	29,783
1934.....	19,355	11,243	30,598
1935.....	17,392	11,195	28,587
1936.....	20,078	10,901	30,979
1937.....	19,451	11,329	30,780
1938.. <u>2/</u> .....	21,192	11,029	32,221

1/ Includes 11 Western States, Texas and South Dakota.

2/ Preliminary.

For the country as a whole the number of lambs saved per 100 ewes (percentage lamb crop) of 88.7 was the largest in the 15 years of record. The increase in the lamb crop is largely accounted for by the increase in the number of lambs saved per 100 ewes, although the number of breeding ewes on January 1, 1938, was slightly larger than a year earlier. In the Native States, the percentage lamb crop was smaller than in 1937, while in the Western States it was larger. Increases in the percentage lamb crop were reported in all the Western Sheep States except Texas and New Mexico.

Larger lamb slaughter expected in 1938-39

In view of the larger lamb crop, slaughter supplies of sheep and lambs for the 1938-39 lamb marketing year, which began May 1, probably will be larger than for 1937-38, when inspected slaughter of sheep and lambs was 17,437,000 head. The 1931 lamb crop was slightly smaller than that of 1938, and inspected slaughter for the year 1931-32 totaled 18,648,000 head. Whether slaughter in 1938-39 will be as large as in 1931-32 will depend partly upon the number of lambs which are retained to increase breeding stock or for marketing in the following marketing year. It is noteworthy that the lamb crop in Texas this year is much larger than that of 1931. In some years when prices of feeder lambs have been low in relation to prices of slaughter lambs and prospects for wool prices the following year have been good, large numbers of Texas lambs have been held over until spring for shearing and then marketed as yearlings in the late spring and summer. If a relatively large number of Texas lambs are held over for sale next spring and summer, the increase in the 1938 lamb crop will be reflected in increased slaughter partly in the 1938-39 marketing year and partly in 1939-40.

Early and late western lamb crops increase

The number of early lambs (those normally available for market prior to August 1) in the principal western producing States - Arizona, California, Idaho, Oregon, Washington and Texas - was about 15 percent larger this year than last. Marketings of new crop lambs from March through July reflected this increase.

The increase in the late western lamb crop in terms of numbers, however, was larger than the increase in the early crop. Range conditions have been rather favorable this summer and feed prospects for late lambs are good. It is expected, therefore, that total marketings of lambs (including sales to feeders and slaughterers) during the remainder of the grass-lamb season, which ends about November 30, will be considerably larger than a year earlier.

Larger slaughter supplies expected during rest of 1938

Inspected slaughter of sheep and lambs during the first 3 months (May - July) of the current marketing year was about 310,000 head, or 7 percent larger than that of a year earlier. However, compared with last year, a much larger proportion of the slaughter was new crop lambs, since supplies of sheep and yearlings were smaller this year.



Slaughter during the remainder of the grass season up to December, will be mostly late lambs from the Western States and the Corn Belt. The extent of the increase in slaughter supplies of lambs in this season over that of a year earlier will depend partly upon the number sold as feeders. Since late Western lambs generally will be in good condition this year, the proportion of so-called "two-way" lambs (lambs that are suitable either for feeding or immediate slaughter) will be fairly large. Slaughter during the next few months will depend to a considerable extent upon the relative demand for feeder lambs and for medium grade slaughter lambs, which will determine the disposition of these "two-way" lambs.

The seasonal increase in slaughter supplies of lambs from mid-summer to late fall this year may be larger than it was last year, when the increase was relatively small. The late lamb crop, most of which is marketed after mid-summer, is considerably larger this year than last, and the number of late lambs purchased for feeding may be no larger than a year earlier.

#### Lamb feeding situation

A definite indication of the number of lambs that will be fed in the fall and winter can not be made with any assurance of accuracy at this time of year. Supplies of both feed grains and hay in the Corn Belt will be abundant for the coming feeding season, and prospects for feed production are favorable in the western lamb-feeding areas. But the volume of feed supplies frequently is not the most important factor affecting the number of lambs fed. It may be that the unfavorable results of last year's feeding operations for lambs marketed before March will discourage some operators from feeding as many lambs as they fed last year. The number of lambs on feed on January 1, 1938, was about 11 percent larger than a year earlier and was the second largest on record.

The supply of late lambs from the Western States will be large this year, but a relatively large proportion of western lambs this fall will be in slaughter flesh as was the case a year ago.

Up to early August this year the number of western lambs purchased on contract for fall delivery was considerably smaller than a year earlier, and prices paid for lambs contracted were mostly from \$6 to \$7 compared with \$8 to \$9 last summer. Most of the lambs purchased on contract have been for Corn Belt account, with relatively few for western feeding areas. By mid-August last year an unusually large proportion of the late western lambs had been contracted for fall delivery at prices ranging from \$8 to \$9 per 100 pounds, with most of these contracts held by feeders in the western feeding areas.

The smaller volume of contract purchases to date this year compared with last does not necessarily mean a reduction in the number to be fed. It does indicate much less eagerness on the part of western lamb feeders, to buy feeder lambs, and their reluctance to pay current prices.

Another factor which may have an important bearing upon the number of lambs fed this winter is the disposition made of the late lambs in Texas. In the fall of 1937 a large number of Texas lambs were bought for feeding in Texas and in other States, whereas in the fall of 1936 the number of Texas lambs sold for feeding was relatively small. In 1936, prices of feeder lambs were low in relation to prices of slaughter lambs, and prospects were favorable for higher wool prices the following year. As a result a large number of Texas lambs were held back and marketed as grass-fat yearlings the following spring and summer after being shorn. It is possible that the situation with respect to Texas lambs this year will be somewhat similar to that of 1936. Prospects for wool prices for the coming year have tended to improve during the past month and feed conditions in Texas are rather favorable.

#### Prospects for lamb prices

Some further weakness in prices of lambs may develop in the late summer and fall as slaughter supplies increase. The effects of the increase probably will be offset, in part at least, by some improvement in consumer demand for meats and in prices of pelts and wool. The situation with respect to prices for the remainder of the year is considerably different from that of a year ago. In the late summer and fall of 1937 the seasonal increase in slaughter supplies of sheep and lambs was relatively small, but there was a growing weakness in consumer demand and a continuous decline in wool prices. As a result lamb prices declined steadily from mid-September until the end of the year, whereas there is usually little decline from September through November. It does not now appear probable that any drop in lamb prices that may occur in the late summer and fall of this year will be as large as that of a year earlier.

Prospects for prices of slaughter lambs during the winter will depend partly upon the number of fed lambs marketed in this season. As already indicated, the number of lambs that will be fed for market this fall and winter is rather uncertain. Consumer demand for meats in the winter and early spring of 1938-39 probably will be stronger than a year earlier, and prices of pelts and wool also are expected to be higher. Both of these will be strengthening factors in the lamb price situation.

#### WOOL SITUATION

Recent developments in the domestic situation including prospects for an increase in mill consumption during the last half of the year indicate that the low in domestic wool prices for the year probably has been past, and that some further advance in prices may occur before the end of 1938. Mill buying in the domestic wool market during July was relatively large compared with other recent months and prices advanced on all grades of wool. Prices of representative grades of spot territory combing wool at Boston at the end of July were 6 to 12 percent above the 1938 low, but they were about 40 percent below the high point of last year.

Prices decline sharply in late 1937 and early 1938

Domestic wool prices declined rapidly in the latter part of 1937 and early months of 1938 and by May prices were lower than at any time since 1933, except for the spring of 1935. Declines in the domestic market were accompanied by declines in foreign markets but the fall in domestic prices was greater than the drop in foreign prices. In the first half of this year the spread between domestic and foreign prices was somewhat less than the tariff, and imports of wool were relatively small.

The advance in domestic prices in July, with foreign prices remaining about unchanged, has widened the spread between domestic and foreign wool prices. But if foreign prices remain fairly stable, as now seems likely, a further moderate advance could occur in the United States without causing much increase in imports. United States imports of apparel wool for consumption were only 8.6 million pounds in the first half of 1938 compared with 120 million pounds in those months last year and an average of about 23 million pounds for the 5 years, 1932-36.

Government loan supports domestic prices

The loan program for wool producers has provided an important stabilizing influence on domestic prices during recent months. Under this program loans have been made available by the Commodity Credit Corporation to producers on wool from the 1937 and 1938 clips. According to a recent announcement, a total of 69.5 million pounds of wool had been appraised for loans, and of this quantity loans had been completed on 28 million pounds, with the remainder in process. The loans have averaged about 17.5 cents per grease pound at warehouses.

Domestic supplies of wool large

Total supplies of raw wool in the United States on July 1 probably were much larger than at the corresponding time in 1936 and 1937. Imports of wool were much larger in 1937 than in other recent years, and domestic wool production was about average. Mill consumption of wool was very small in the last half of 1937 and in the first half of 1938. As a result of the large imports and the reduced mill consumption the carry-over of old wool into the 1938 marketing season was much larger than the carry-over a year earlier. With the carry-over of wool from last season considerably larger and domestic production in 1938 not greatly different from that of 1937, the total supply of wool in the United States is now considerably larger than it was a year ago. Stocks of finished and semi-finished wool goods, however, probably were much smaller on July 1 than a year earlier. If imports remain small, and mill consumption increases, as now appears likely, stocks of raw wool in this country on January 1, 1939, may be smaller than at the beginning of the current year, but they probably will remain relatively large.



The preliminary estimate of the quantity of wool shorn or to be shorn in the United States in 1938 is 368,528,000 pounds, an increase of about 2 million pounds from last year and about the same increase over the 5-year average. The estimated number of sheep shorn or to be shorn in 1938 is 46,632,000 head, which is 600,000 head or about 1.3 percent more than the number shorn in 1937. The average weight per fleece this year is estimated at 7.9 pounds compared with 8.0 pounds last year.

Mill consumption very small in first half 1938

Domestic mill consumption of wool in the last half of 1938 is likely to be larger than in the first half of the year and it also may be larger than in the last 6 months of 1937. Consumption in the first 6 months of 1938 was about half as large as in the same months last year and, with the exception of 1932, was the smallest for those months in the past 20 years. Since sales of wool goods to consumers did not drop so much as mill consumption, stocks of finished and semi-finished goods were sharply reduced.

Mill activity increased in May and June. The weekly rate of mill consumption of apparel wool in June was 50 percent larger than in April but it was 23 percent smaller than in June last year. In view of the small stocks of wool goods and the prospects for improvement in the business situation generally, it is expected that mill consumption will increase further during the remainder of this year.

Wool, apparel: Mill consumption, imports for consumption,  
and price per pound received by producers, January 1937-  
July 1938

Month	1937			1938		
	Mill con-	Imports:		Mill con-	Imports	
	sumption	actual	Average	sumption	actual	Average
	grease	weight	price	grease	weight	price
	basis	1/		basis	1/	
	Million	Million		Million	Million	
	pounds	pounds	Cents	pounds	pounds	Cents
Jan. ....	52.9	25.1	31.3	24.6	2.1	21.6
Feb. ....	50.9	25.7	31.6	27.8	1.5	20.2
Mar. ....	62.0	24.8	31.7	27.3	.8	18.9
Apr. ....	52.7	19.4	33.2	25.2	1.0	18.3
May ....	50.0	16.0	32.7	33.3	1.2	18.7
June ....	47.3	9.5	31.4	39.8	2.0	17.7
July ....	39.9	5.4	31.3			18.7
Aug. ....	47.7	8.0	31.4			
Sept. ....	41.4	5.1	30.8			
Oct. ....	27.0	4.5	29.2			
Nov. ....	24.8	3.8	26.0			
Dec. ....	26.1	2.8	23.6			
Year .....	522.8	150.2	32.0			

Mill consumption compiled from reports of the New York Wool Top Exchange.  
Imports from the Bureau of Foreign and Domestic Commerce.

1/ Weight of greasy scoured and skin wool added together.

2/ Computed from unrounded numbers.



Wool production in foreign countries reduced but carry-over large

Early estimates of production for 10 foreign countries, including Australia and the Union of South Africa, indicate that world production of wool will be smaller than in 1937. The decline in production, however, may be largely offset by the larger carry-over into the 1938-39 season in the Southern Hemisphere, and total supplies may be about the same as in 1937-38.

World production of wool in 1937, exclusive of the Union of Soviet Socialist Republics and China, is now estimated at 3,487,000,000 pounds, about 1 percent larger than that of 1936 and the largest production in recent years.

1/

Apparent supplies of wool in the five important wool-producing countries of the Southern Hemisphere on June 30 are estimated to have been about 170 million pounds larger than a year earlier and about 130 million pounds greater than the average for June 30 in the 5 years, 1932-36. June 30 is the end of the official export season in Australia, New Zealand, and the Union of South Africa. As the new selling season in those countries does not begin until September or later, stocks may be reduced by private sales before the opening of the public auctions. In Argentina and Uruguay the season ends on September 30.

The increase in apparent supplies of wool in the Southern Hemisphere at the end of the 1937-38 season as compared with the previous season is accounted for largely by the smaller exports to the United States, Japan and Belgium. Exports to most other countries were equal to those of the preceding season with exports to Germany and France showing an increase.

From available information it appears that supplies of raw wool in European countries are not large but are adequate for current manufacturing requirements, which have been reduced. Stocks of wool in Japanese warehouses remain well below the level of recent years. Imports of wool into Japan in the 12 months ended June were only 95 million pounds compared with 258 million pounds in 1936-37.

1/ Production plus carry-over from preceding season, minus exports to end of June.

Item	Unit	Year		Month				
		Average 1924-33	1936	1937	July average 1924-33	July 1937	June 1938	July 1938
Sheep and lambs:								
Number slaughtered under Federal inspection 1/.....	Thou-sands	14,737	17,216	17,270	1,219	1,390	1,485	1,461
Receipts at seven markets 2/.....	do.	3/ 15,241	11,892	11,470	3/ 904	692	669	734
Slaughter under Federal inspection:								
Lambs and yearlings-	Thou-							
Number slaughtered	sands	13,678	15,647	15,912	1,125	1,322	1,455	1,395
Percentage of total sheep and lambs....	Percent	92.8	90.9	92.1	92.5	92.7	93.8	93.9
Sheep:	Thou-							
Number slaughtered...	sands	1,059	1,569	1,358	91	104	95	90
Percentage of total sheep and lambs....	Percent	7.2	9.1	7.9	7.5	7.3	6.2	6.1
Sheep and lambs:								
Average live weight	Pound	81	85	85	75	78	83	79
Average dressed weight .....	do.	39	40	40	37	38	40	38
Total dressed weight	Mil.lb.	569	630	683	45	54	62	56

1/ Bureau of Animal Industry.  
2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.  
3/ Average 1929-33.

## Price per 100 pounds of sheep and lambs, by months, May - July 1936-38

Item	1936			1937			1938		
	May	June	July	May	June	July	May	June	July
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs,									
Chicago:									
Good and Choice.	1/10.26	2/11.44	9.94	1/9.99	2/11.94	10.84	1/7.37	2/9.30	9.10
Common & Medium	1/8.88	2/9.32	7.72	1/8.42	2/10.42	9.15	1/5.82	2/7.76	7.44
Slaughter ewes,									
Chicago:									
Good and Choice	4.48	3.45	3.83	4.50	3.78	4.22	3.62	3.39	3.33
Common & Medium	3.36	2.28	2.47	2.93	2.30	2.86	2.69	2.59	2.54
Feeding lambs,									
Omaha:									
Good and Choice	8.99	8.60	7.76	---	8.53	8.80	---	6.97	7.34
Average price paid:									
by packers:									
Sheep and lambs	9.76	9.66	8.69	9.69	9.95	9.60	7.37	7.77	
Average price re-									
ceived by farmers:									
Sheep .....	4.30	4.03	3.94	4.89	4.52	4.53	3.59	3.43	3.46
Lambs .....	8.59	8.33	7.94	9.16	8.88	8.50	6.90	6.84	6.84
Lamb, New York:									
Wholesale									
carcass: 3/									
Choice .....	22.15	23.15	21.28	21.32	21.40	21.13	18.52	18.88	19.56
Good .....	21.26	21.80	20.11	20.20	20.20	20.09	17.88	17.98	18.82
Medium .....	19.68	19.65	17.99	18.83	18.48	18.42	16.39	16.39	16.63
Pulled wool,									
Boston: 4/									
Choice AA .....	91.2	93.1	92.8	110.0	107.5	106.9	72.5	69.0	72.8
Choice White B:	75.5	78.1	77.6	94.2	91.2	89.6	57.5	54.0	59.0
Sheep pelts,									
packers shearlings									
No. 1, Chicago									
each 5/.....	1.05	1.12	1.14	1.48	1.39	1.24	0.52	0.52	0.58

1/ Shorn basis.

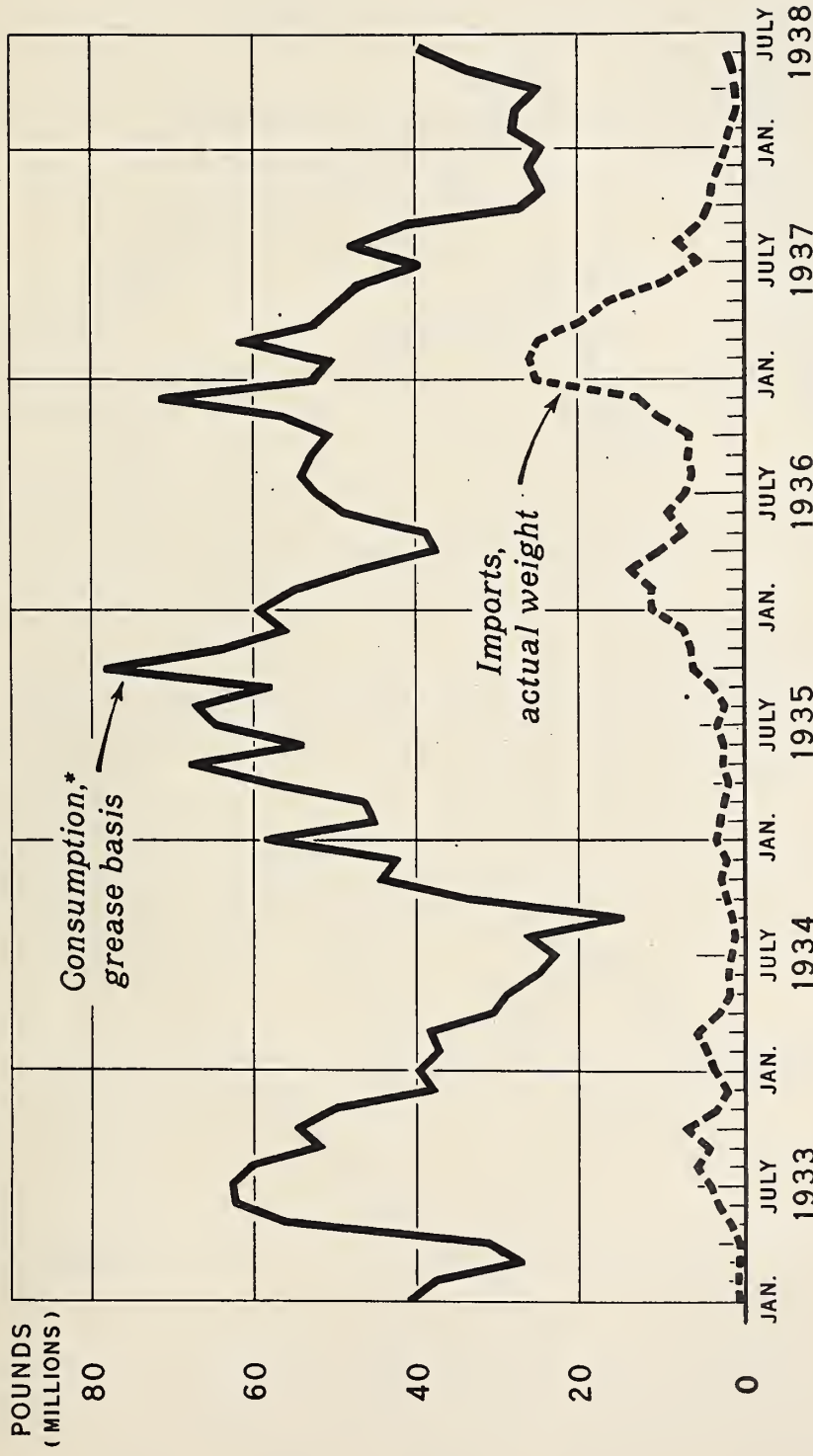
2/ New crop.

3/ For Choice and Good carcasses, 38 pounds down; for Medium, 38 pounds down in 1936 and 1937, and all weights in 1938.

4/ Cents per pound.

5/ Bureau of Labor Statistics.

# WOOL APPAREL: MILL CONSUMPTION AND IMPORTS FOR CONSUMPTION IN THE UNITED STATES, 1933 TO DATE



\* ESTIMATES OF NEW YORK WOOL TOP EXCHANGE SERVICE

U. S. DEPARTMENT OF AGRICULTURE

NEG. 32651

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1.— DOMESTIC MILL CONSUMPTION OF WOOL INCREASED GREATLY IN 1935, AND FOR THE ENTIRE YEAR WAS THE LARGEST FOR MANY YEARS. CONSUMPTION ALSO WAS RELATIVELY LARGE IN 1936 AND IN THE FIRST HALF OF 1937, AND THE LARGE MILL CONSUMPTION OF WOOL IN THIS PERIOD WAS ACCOMPANIED BY A MATERIAL INCREASE IN WOOL IMPORTS. MILL CONSUMPTION DECLINED GREATLY IN THE LAST HALF OF 1937 AND WAS AT A RECORD LOW LEVEL IN THE FIRST HALF OF 1938. IMPORTS HAVE BEEN RELATIVELY SMALL SINCE THE SUMMER OF 1937.



# SHEEP AND LAMBS: PRICE AT CHICAGO AND FEDERALLY INSPECTED SLAUGHTER, AVERAGE 1924-33, AND 1937 TO DATE

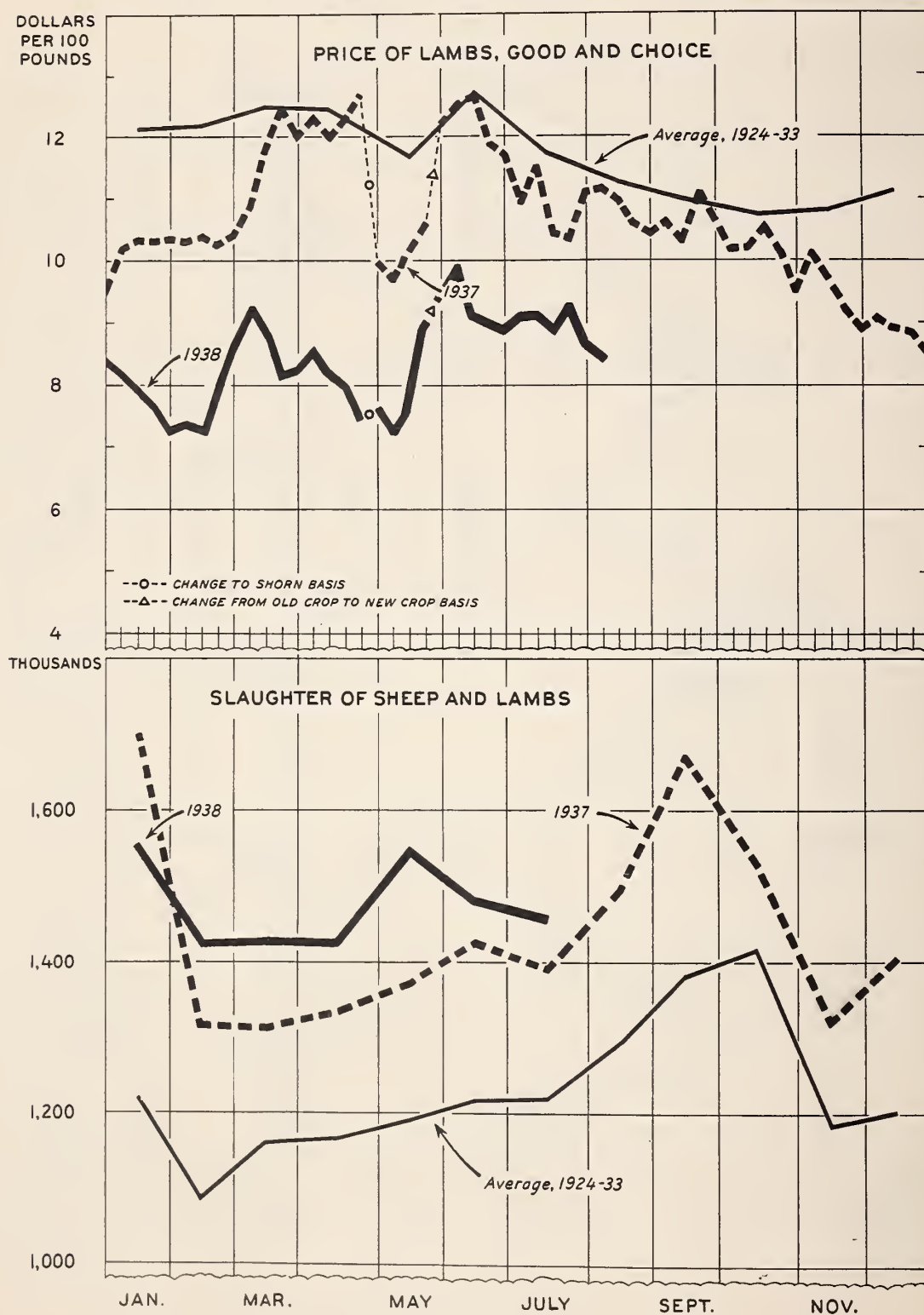


FIGURE 2